

**Department of Telecommunications and Energy
Record Requests**

**THE BERKSHIRE GAS COMPANY
D.T.E. 02-19**

Witness: Karen L. Zink
Date: July 15, 2002

Question:
RR DTE-7 Please provide an estimate of the costs associated with an external financial audit that assesses the adequacy of the procedures and controls associated with the alliance.

Response: As noted in the response to RR-AG-9, 330 hours were spent on the internal audit. Thus, it can be assumed an external audit would take at least that amount of time. The most recent invoice for an external auditor, which is attached, reflects hourly rates of \$275 per hour to \$325 per hour. Thus, for 330 hours, an external audit would cost between \$90,750 and \$107,250. Any expenses, such as travel, would be in addition to this amount. In addition, it is likely that internal audit costs would have been incurred in terms of the initiation of and performance of the external audit.

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Witness: Karen L. Zink
Date: July 15, 2002

Question:
RR DTE-8 Please provide names and titles of the individuals that have executed the certificate contained within the trading manual. Please provide copies of such executed certificates.

Response: The Company has requested copies of the certificates from BP Energy.

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Witness: Karen L. Zink
Date: July 15, 2002

Question:
RR DTE-9 Please explain in which circumstances the executive committee would override the credit management group. Please describe the likely reasons for any such decision. Please provide any recent experience or examples of such a decision by the executive committee.

Response: There have been no instances to the knowledge of the Company where the executive committee has overridden the credit management group, and we are not aware of any circumstances that would give rise to such action. The alliance agreements were drafted to provide internal procedures to address all potential concerns while maintaining ultimate decision-making authority at the appropriate level.

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Question:

RR DTE-10 Please provide savings figures for each year in the past five years that the Company participated in an asset management agreement. Also provide savings from the alliance in DTE 01-41. Describe any problems with each asset management relationship and how such problems were resolved.

Response: See the Company's response to RR-AG-12 for savings pursuant to DPU 93-141-A. The savings from DTE-01-41 are reflected in the combined Capacity Release and Off-System Sales categories for 2002. The problems the Company incurred with any third party in optimizing its portfolio were minimal, such as billing issues and, occasionally, nomination issues. All of these problems were resolved through open daily and monthly communication. These concerns occurred with all parties, including Pendulum Resources from 1993 to 1999, Energy USA-TPC from 1999 to 2001, and BP Energy, from 2001 to the present.

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Date: July 15, 2002

Question:
RR DTE-11 Please summarize the reservation charges reflected in the replacement contract RFP issued by Berkshire Gas. Please provide all back up material for such reservation charges.

Response: [INTENTIONALLY OMITTED]

****RESPONSE AND ATTACHMENT ARE CONFIDENTIAL AND PROPRIETARY****
****PROTECTIVE TREATMENT****

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**THE BERKSHIRE GAS COMPANY
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Witness: Karen L. Zink
Date: July 15, 2002

Question:

RR DTE-12 Please provide a copy of any written notice of termination of the exclusive negotiation period provided for under the initial Optimization Agreement with BP Energy.

Response: There was not written notice of termination of the exclusive negotiation period as such period expired automatically on December 12, 2001 and both parties were aware of such date. Attached is correspondence notifying BP Energy that the companies did not intend to extend the contract, and BP's exercise of its right to exclusive negotiation for a 30 day period.

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Witness: Karen L. Zink
Date: July 15, 2002

Question:

RR DTE-13 Please provide any correspondence relating to the extension of time for completing the audit requirement described in the 2002 Gas Portfolio Optimization Agreement.

Response: There is no correspondence relating to the extension of time for completing the audit requirement described in the 2002 Gas Portfolio Optimization Agreement. BP Energy and the Energy East Companies have been working cooperatively to complete the audit and the Companies expect that BP Energy will cooperate to implement the recommendations in the audit report.

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Date: July 15, 2002

Question:
RR DTE-14 Please provide an analysis confirming that the assumed low level of savings from the alliance was comparable to the proposals for asset management services.

Response: [INTENTIONALLY OMITTED]

****CONFIDENTIAL AND PROPRIETARY****
****PROTECTIVE TREATMENT****

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Witness: Karen L. Zink
Date: July 15, 2002

Question:

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